



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 22

**Agenda Date:** August 3, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Issuance, Sale, and Delivery of the 2023 Taxable Bonds

**SUMMARY:**

This Ordinance by the City Council of the City of San Antonio, Texas authorizes the issuance of up to \$25,000,000 “City of San Antonio, Texas General Improvement Bonds Taxable Series 2023”); levies a continuing direct annual Ad Valorem Tax for the payment of the Bonds; prescribes the form, terms, conditions, and resolves other matters incident and related to the issuance, sale, and delivery of the Bonds, including the approval and distribution of an Official Statement pertaining thereto; authorizes the execution of a Paying Agent/ Registrar Agreement and a Purchase Contract; complies with the provisions of the Depository Trust Company’s Letter of Representations; delegates the authority to certain City Officials and staff to establish the terms of the sale of the Bonds and to execute certain documents relating to the sale thereof; enacts other provisions incident and related to the subject and purpose of this Ordinance; and provides for an effective date.

**BACKGROUND INFORMATION:**

The FY 2023 Adopted Capital Budget and Capital Budget Amendments include the proposed sale of bonds to fund projects totaling \$193,111,023 in an amount not to exceed \$175,000,000 General

Improvement Bonds, Series 2023 (the “2023 Tax Exempt Bonds”) and an amount not to exceed of \$25,000,000 General Improvement Bonds, Taxable Series 2023 (the “2023 Taxable Bonds”). The differential between the amount to be funded and the maximum issuance amount is attributable to flexibility necessary to allow for market conditions at the time of sale and to fund the costs of issuance.

On May 7, 2022, the 2022 Bond Program was approved by the voters in the amount of \$1,200,000,000. The issuance of the 2023 bonds represents the second issuance of bonds for the City’s 2023 Bond Program. The total project amount to be funded from the sale of the 2023 bonds is detailed below:

Streets, Bridges, and Sidewalks	\$67,287,526
Drainage and Flood Control	22,746,056
Parks & Recreation	59,458,759
Library and Cultural Facilities	11,652,489
Public Safety Facilities	9,066,193
Affordable Housing*	22,900,000
<b>Total 2022 Bonds</b>	<b>\$193,111,023</b>

\*Funding for Affordable Housing will be issued as 2023 Taxable Bonds not to exceed \$25,000,000.

Approval of this Ordinance will give parameter sale authorization for the 2023 Taxable Bonds. This authorization will give the City Manager and Chief Financial Officer the flexibility to establish the pricing terms on the 2023 Taxable Bonds and the authority to sign the applicable purchase contracts upon completion of the sale of the 2023 Taxable Bonds.

It is anticipated that the 2023 Taxable Bonds will be sold the week of August 21, 2023, by an underwriting syndicate led by Ramirez & Co., Inc. as Senior Book Running Manager; RBC Capital Markets, LLC as Co-Senior Manager; and Loop Capital Markets, Mischler Financial Group, Inc., Raymond James & Associates, Inc., Stern Brothers & Co., SWBC Investment Services, LLC as Co-Managers. Closing and delivery of the 2023 Obligations is anticipated to occur on September 13, 2023.

Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc., are serving as Co-Financial Advisors.

#### **ISSUE:**

The aforementioned transaction will fund capital projects that been approved in the FY 2023 Adopted Capital Budget and are consistent with the Debt Management Plan.

#### **ALTERNATIVES:**

The cost of the improvements to be financed could be absorbed into the City's operating budget and/or the proposed capital projects could be deferred or not done. However, this alternative is not budgeted and would negatively impact funding for other services and improvements or result in approved capital projects not being constructed.

**FISCAL IMPACT:**

Any costs pertaining to the proposed transactions will be paid for from the proceeds derived from the issuance and sale of such obligations. Therefore, there is no impact on the City's Operating Budget.

**RECOMMENDATION:**

Staff recommends approval of this Ordinance that authorize the issuance, sale, and delivery of the 2023 Taxable Bonds.